

CORRECTED FISCAL NOTE

HB 486 - SB 641

May 1, 2007

SUMMARY OF BILL: Establishes the “Tennessee Medical Marijuana Act of 2007” which authorizes the use of marijuana for persons with certain debilitating conditions. Requires the Department of Health to create a system of accepting and reviewing applications including an application fee and issuing registry identification cards upon verification. Creates a Class B misdemeanor for the fabrication or misrepresentation of medical information or a registry card to a physician, local health department, or law enforcement agency or officer. Creates a Class A misdemeanor for a second or subsequent violation.

ESTIMATED FISCAL IMPACT:

On April 4, 2007, we issued a fiscal note on this bill indicating *a one-time increase to state expenditures of \$9,300, an increase to recurring state expenditures of \$43,300, an increase in state revenues of \$52,600, and a not significant increase in local government expenditures or revenues.* Based on additional information received from the Department of Health, the fiscal impact of the bill is as follows:

(Corrected)

**Increase State Expenditures - \$9,375,300 Recurring
\$871,100 One-Time**

Increase State Revenues - \$10,514,100

Increase Local Govt. Expenditures – \$1,138,800*

Increase Local Govt. Revenues – \$1,138,800

Assumptions:

- The Department of Health would hire a physician to provide central office clinical consultation to the 89 county health departments which is estimated to increase expenditures by \$148,500 for salary and benefits.
- The Department will also hire two Administrative Services Assistants which is estimated to increase expenditures by \$85,147 (\$42,573.60 X 2) for salaries and benefits and three Information Resource Support Services positions which will increase expenditures by \$168,107 (\$56,035.80 X 3) for salaries and benefits.

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- The additional positions for the Department of Health will increase recurring state expenditures by \$38,280 which includes supplies (\$4,200), rentals and insurance (\$24,600) and communications and technical support services (\$9,480). There will be an increase in one-time expenditures of \$33,900 for computers and office set-ups (\$23,900) and a server (\$10,000).
- There will be an increase in recurring state expenditures of \$7,796,400 for each county health department to hire two Administrative Services Assistants (ASAs). Such includes \$6,692,800 (\$37,600 X 178) for salaries and benefits, supplies (\$124,600), rentals and insurance (\$729,800), and communications and technical support services (\$249,200). There will be an increase in one-time expenditures of \$837,200 which includes computers and office set-ups (\$694,200), photo id printer and digital cameras (\$89,000), and security encryption capabilities (\$54,000).
- It is estimated that the local governments will need similar positions to provide the needed services. Davidson and Shelby counties will hire five ASA positions each and Hamilton, Knox, Madison, and Sullivan counties will hire four ASA positions each. Such is estimated to increase local government expenditures of \$1,138,800 (\$43,800 X 26 total additional positions).
- The Department of Health has a contractual agreement with these local governments to provide the funds for services. Such will result in an increase in state expenditures of \$1,138,800 and an increase in local government revenues of \$1,138,800.
- The Department is required to collect application and renewal fees in an amount that covers the expenditures of the program.
- If there is a decrease in convictions, there would not be a significant impact on expenditures related to court proceedings or incarceration due to the legislation creating two criminal offenses which will require resources for prosecution and incarceration.
- The creation of Class A and Class B misdemeanors will not have a significant fiscal impact on local government.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director